



DAPA Project Public Meeting Summary

Defense Acquisition Performance Assessment

Public Meeting Summary, Wednesday, August 17, 2005, 1:15 PM – 7:30 PM

Location: Anteon Corporation
1560 Wilson Blvd
Arlington, VA 22209

Opening Remarks by Mr. Dave Patterson and Chairman Ron Kadish (1:24 PM)

Panel Addressed Questions from the Public

- Can you delineate how your effort is different than the Packard Commission and what might be different a year from now than what other efforts along these lines might have produced?
 - Previous efforts along this line have dealt with only little “a” with tangential recommendations in other areas.
 - We’re looking much broader for solutions to these problems than in the past by concentrating on the larger acquisition process that may not traditionally have been looked at before.
- Are there any systems you are using as models of effective acquisition or ineffective acquisition as kind of a term you can get your arms around?
 - No, because it’s very difficult to model something after any one particular effort, but what is important is that we’re doing a literature search and a look at all these different efforts and trying to find the trends and the issues that surround the system in that Big A as well as the Little a that affect all of the major programs.
- I know you can’t predict or necessarily speculate what Congress is going to do but both authorization bills currently have a number of requirements that could change the way maybe the Little a works, especially the Senate’s current version. Could their passage of some of these requirements maybe delay some of your work? And vice versa, is the work of your panel having any influence on the creation or the development of those requirements or provisions?
 - Right now we have people on the staff, Dave Patterson, in particular, who have been talking to the different staffers on the Hill and hope to converge on this issue with the people who are concerned.

General Dynamics (Mr. Michael Mancuso, Chief Financial Officer)

- Acknowledged that, while the acquisition process is not broken, it can stand to undergo some improvement
- When DoD and industry collectively embark on a program that attempts revolutionary technological, leap-ahead product or system performance versus evolutionary improvement, we almost always get into trouble with the end result being cost growth, dissatisfaction and conflict
- Major disappointments: A-12, Comanche, and Crusader
- Evolutionary cycle successes: B-52, F-16, M-1 Tank, and F-18
- Revolutionary cycle programs “on the bubble”: F-22, V-22, F-35, Aerial Common Sensor, Future Combat Systems and DDX
- Successes demonstrate evolutionary approach can pay significant dividends



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- Revolutionary, at-risk group have all experienced some element of schedule slip, quantity reductions, and/or cost growth because they represent revolutionary advances in technology that can and will command a large piece of some very, very tight budgets

Lockheed Martin (Mr. Christopher Kubiasik, Exec VP & CFO and Mr. Ralph Heath, Exec VP, Aeronautics)

- Must increase budget/program/requirements stability
- Address shortage in workforce skills and experience
- Contract incentives
 - More risk in the aerospace and defense industry as measured by volatility than the rewards, i.e. margins, return on sales
 - Appears that profit is viewed as a problem or a dirty word; need to get better returns
- Emerging challenges
 - Mitigating organizational conflicts of interest
 - Incentivizing the interdependency of Net-Centric capabilities
 - Value for incumbency, specifically for space systems
 - Promotion of public-private partnerships and outsourcing
 - Parts obsolescence and the need for technology refresh during the course of programs with longer development cycles

Raytheon (Mr. Ed Franklin, VP, Evaluation Team)

- Source selection process and the bidding process is one that leads both industry and the government down a path where risks are understated
- A better understanding of the requirements of a program up front and better interaction between industry and the government about how to balance them, would lead to a much better situation
- Guess 80% of industry's programs that are in trouble are that way because they don't understand risk and therefore don't understand how to manage it; since government hasn't taken effective action, shows that they don't understand it either
- Lots of disincentives primarily on the government side because of the mismatch between the press for speed and innovation, and the oversight process
- Acquisition reform hasn't gotten to the level of implementation in the field
- No incentives for people to take risk in the government
- Rebaselining is a way to hide a program that's in trouble and occurs as a partnership between the government and the industry program office
- Hole in the demographics of people with 10-20 years experience and a lump of people with 20-30 years experience; losing real senior people on both the government and industry side
- With respect to program stability, commonly see government wanting to hold to schedule and costs while changing requirements and funding
- Lack of use of real management tools, such as EVMS; lack of understanding of how to use the tools



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Northrop-Grumman (Mr. Ronald Sugar, President & CEO)

- Problems
 - Lack of technology maturity when you enter a program today is a fatal flaw
 - Insufficient program funding from the start results in funding perturbations that occur throughout
 - Funding is often pulled out of the air far in advance of understanding and defining the technology requirements
 - Unrealistic cost estimates, overly optimistic budget estimates on the part of the government, and clearly optimistic estimates on the price to win proposals by industry
 - Uncontrolled requirements growth; lack of program discipline by both the contractor and the customer
 - Lack of experienced program and contract management people
- Recommendations
 - Need to continue to expand the use of evolutionary acquisition and spiral development, and introduce risk incrementally
 - Propose budgeting programs to the CAIG estimates, since they are usually not that far off
 - Source selection boards ought to perform detailed risk analysis
 - Must put management reserve in at several levels to make sure you can run the program, and control the decision making at the lowest level possible, to avoid situation where all management reserve is stripped
 - Must have management reserve at the contractor level that is understood and responsibly managed, and management reserve at the program office level which is not directly in the contractor's purview
 - Should do a technical estimate of technology risk before launching a program
 - Execute post-award government contract jointly based on requirement review
 - Must have really good system engineering; rapid loop to quickly assess changes, potential changes and communicate consequences of changes before committing to change

Boeing (Mr. Jim Albaugh, Executive VP and CEO)

- Acquisition process should limit unnecessary constraints; must create more trade space, not less
- Programs and contracts need flexibility to effectively deal with evolving technology, requirements, and program risks; ability to trade capability for cost and schedule can lead to faster fielding of capabilities at a reduced cost
- Current process isn't set up to be as flexible as it needs to be; need a process that is risk-based with focus on managing risk as balanced to schedule, cost and performance drivers
- Process should enforce the use of open systems and common standards
 - Maximize the number of potential competitors and potential solutions
 - Minimize single-point failures or being locked into one particular approach requiring costly redesign for upgrades
 - Drive needed interoperability and support "jointness"




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- Must invest in critical skills and retention incentives to ensure that the acquisition force is knowledgeable of the constantly changing circumstances of the technology operations and business practices, and that they are empowered to make decisions
- The acquisition process should establish a limited number of success measures, set realistic performance requirements, and identify risks, and then budget to realistic estimates
- Must establish reasonable measures of success, mutual expectations, respective responsibilities, and clear metrics
- Having realistic and achievable performance requirements while addressing upfront risks, including the maturity of technology, are essential ingredients to success
- Budgeting to realistic estimates is absolutely essential to meeting expectations and delivering the capability necessary; CAIG estimates are a useful starting point
- Funding stability is a major factor in program success
- Process must be transparent, allowing policymakers and the public to have faith that tax dollars are being spent wisely and honestly
- The acquisition process should be adaptable and geared to meet immediate, short-term and evolutionary needs, built around realistic and achievable requirements, performance-based, and designed to address risk, and open and honest to restore public confidence in the process

Chairman Kadish's Closing Remarks

Adjourn (6:59 PM)

APPROVED/ 
Col Alan J. Boykin, USAF
Designated Federal Official

22 Aug 05
Date